



August 2010

# Company Overview

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- A leading food and beverage company
  - #1 in shelf stable products in Mexico, in kitchens for nearly a century
  - One of the leaders in Mexican food in the US
- Exceptional brand portfolio
- Broad distribution, strong supermarket penetration
- LTM figures
  - Net sales: Ps. 8.4 billion (US\$650 million)
  - EBITDA margin: 18.9%
- Market capitalization: US\$620 million



# Unique Business Model

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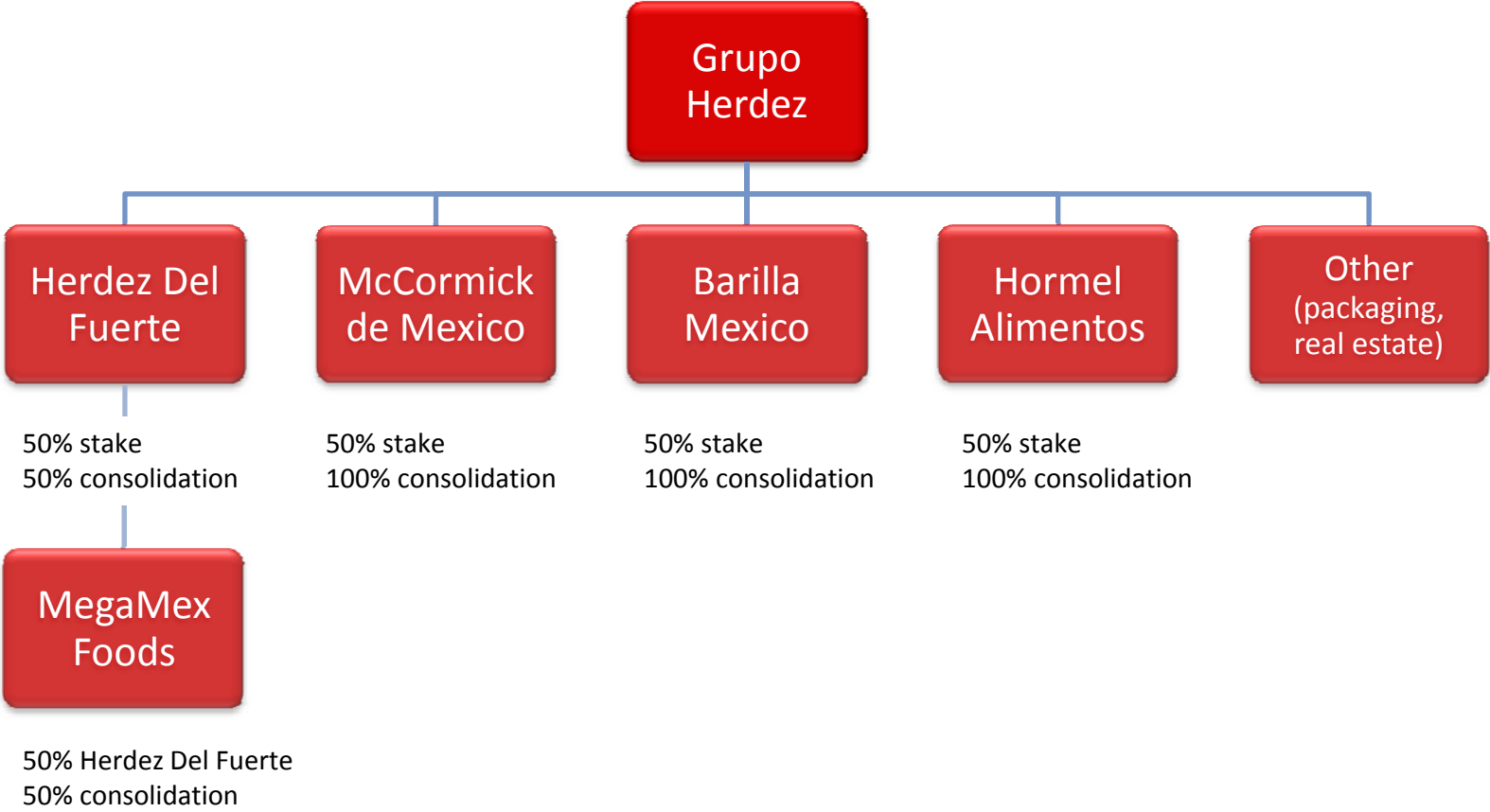
- High impact brands, ongoing investment in brand equity
- Products for everyday, everyone, every aisle
- Focus on operational and sales efficiency
- Partnerships with world class companies
- Bold corporate governance

Joint Venture	Since
McCormick	1947
Hormel	1994
Barilla	2002
Grupo Kuo	2007

Distribution agreement	Since
Kikkoman	1989
Ocean Spray	2006
Reynolds	2010



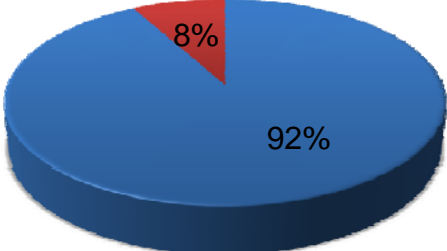
# Corporate Structure



# Financial Profile

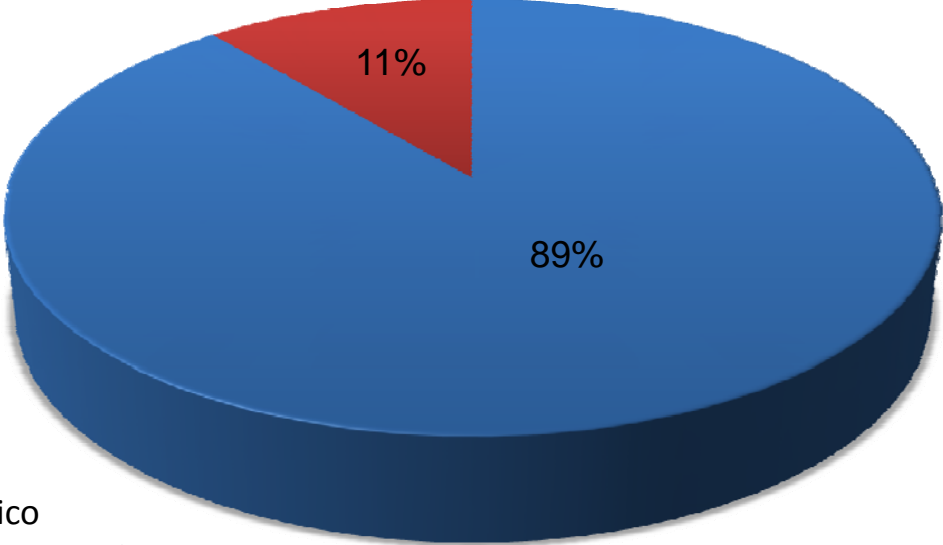
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2005



**Net sales:** Ps. 5.7 billion  
**EBITDA mg:** 16.0%  
**Market cap:** Ps. 3.4 billion

LTM as of June 30, 2010



■ Mexico  
■ International

**Net sales:** Ps. 8.4 billion  
**EBITDA mg:** 18.9%  
**Market cap:** Ps. 7.8 billion



# Brand Leadership

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- Mexico: #1 or #2 position in multiple categories
  - Mayonnaise, mustard, ketchup, moles, salsas
  - Vegetables, mushrooms, olives, tomato puree
  - Pasta, spices
  - Tuna, canned meats
  - Vegetable juice, cranberry juice, tea
  - Honey, syrups, marmalades
- US: the unquestioned authority in the true Mexican foods experience
  - Regional leadership in salsas, moles, tortillas, tomato puree

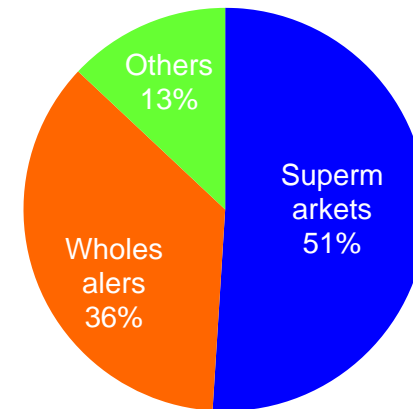


Source: Nielsen Retail Total Mexico Index

# Mexico: Scope and Scale

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- Deep knowledge of the consumer cultivated over ~ 100 years
- Broad operational footprint
  - 10 production plants
  - 6 tuna vessels (+1 to be purchased within next 12m)
- Efficient sales and distribution platform
  - 8 distribution centers, 1 state-of-the-art facility under construction
  - 15,000+ points of sales
  - Strong penetration in supermarkets/price clubs, present in 80% of grocery shelves
  - Sales force of 1,400, 90% at POS



→ *Platform for continued growth*

# US: Market Opportunity

- Partnership with Hormel formed in June 2009
- US Hispanics: fastest-growing segment of population
- Mexican foods now mainstream, comprise a ~US\$5b market
- MegaMex sales LTM: US\$200m
- Rapidly securing market leadership



**MegaMex Foods**

**THE FLAVORS OF MEXICO**  
Mexican cuisine is rich and diverse, full of taste and tradition. Our mission is to help recreate the flavors of Mexico in every kitchen.

Mexican cuisine has many ingredients. We now offer the best of them.

HERDEZ BRAND  
La Victoria Brand  
CH-CHI'S Brand  
Doña María Brand  
Embasa Brand  
Del Fuerte Brand  
Bufalo BRAND  
EL TORITO BRAND



→ *Significant upside potential*

# Investing in Growth and Efficiency

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- Ps. 800 million in investment CAPEX 2008-2010
  - Tuna fishing and storage capacity
  - Expansion of warehouse capacity
  - Teoloyucan distribution center construction
- Maintenance CAPEX ~1.0 -1.5% of net sales
- Targeted search for strategic M&A opportunities



# Teoloyucan Distribution Center

- Zumpango, State of Mexico (near Arcos Norte highway)
- Semi-automated warehouse, transelevators, “product-to-men” picking area, automated re-stocking

	Today	At Completion	▲
Area (m3)	33,300	16,800	(50%)
Capacity (pallet positions)	26,910	37,408 1,416 selection	44%
Doors	46 reception 47 expedition	17 multimodal	(82%)
Expedition flow (trucks/day)	60	124	100%
Workers	182	139	(23%)



# Growth Strategy

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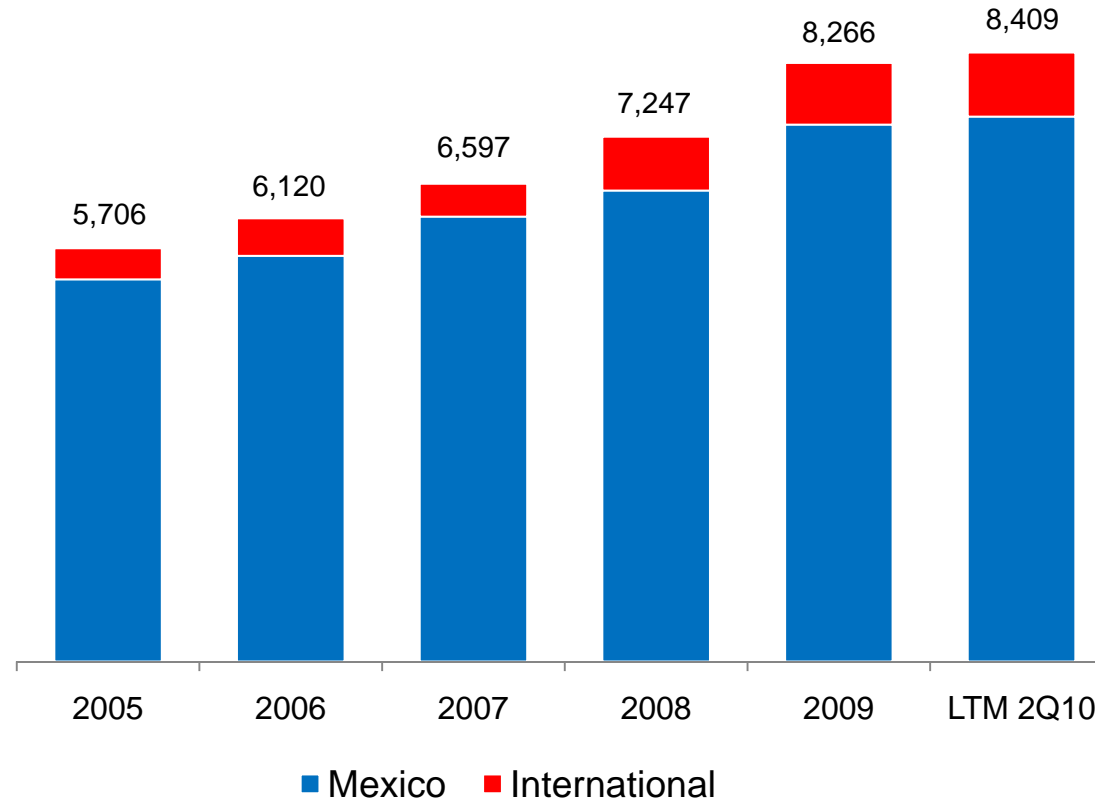
- Organic
  - Product innovation
  - Consumer segmentation towards targeted marketing
  - Market penetration to expand scope
  - Efficiency enhancements to maximize manufacturing and distribution capacity utilization
- M&A
  - Current and complementary categories and territories



# Financial Performance

## Net sales

(millions of pesos)



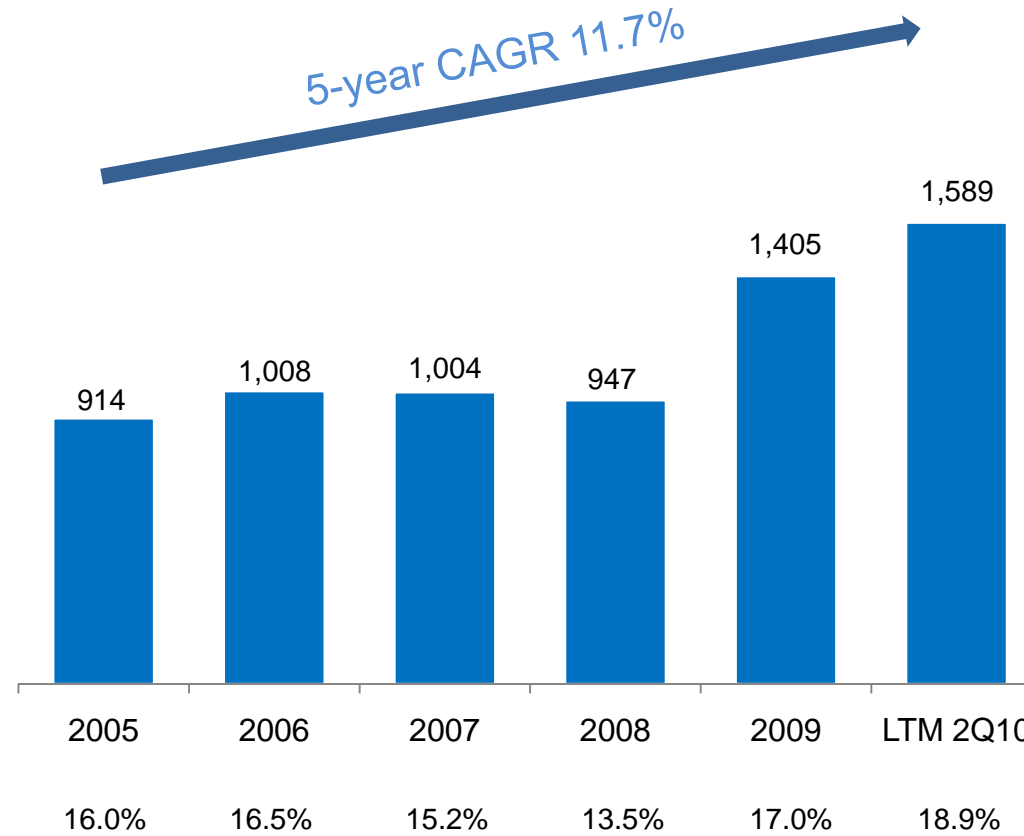
**5-year CAGR 8.1%**



# Financial Performance

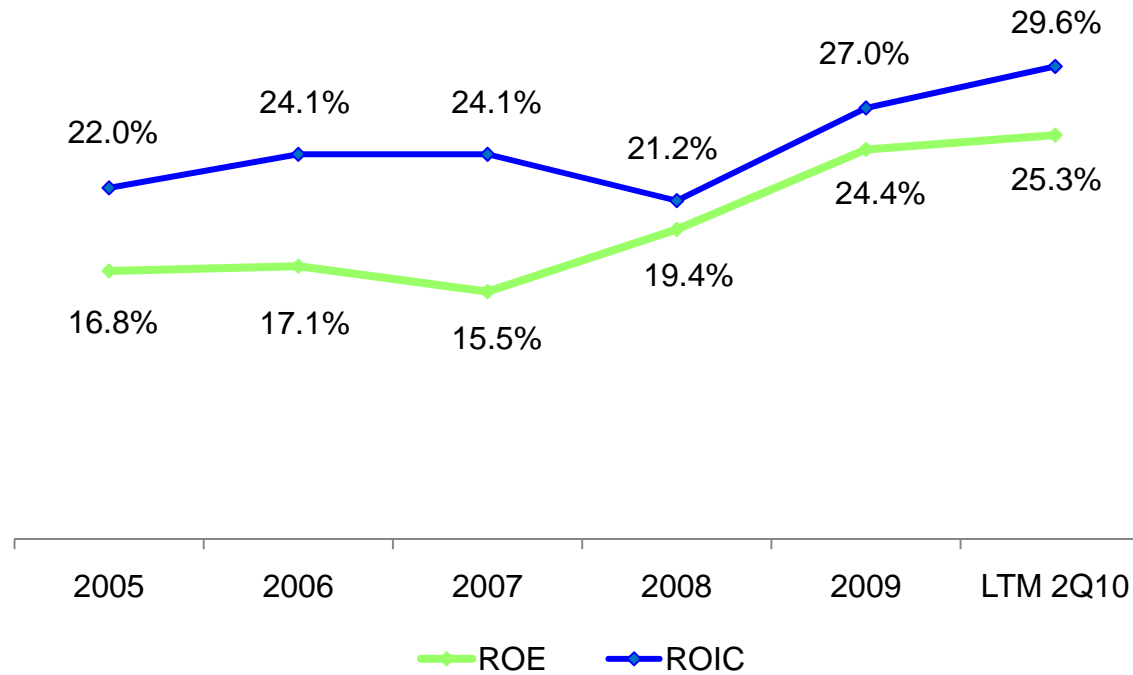
## EBITDA

(millions of pesos)



# Financial Performance

## 5 year returns



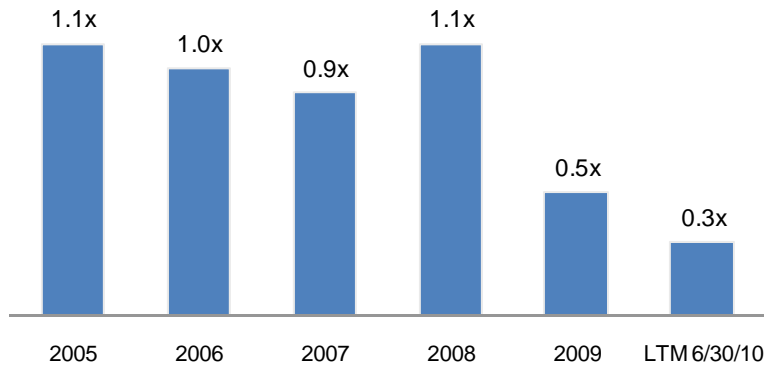
ROIC: Return on invested capital before taxes = operating income / average (stockholders' equity plus debt with cost)  
ROE: Return on equity excluding extraordinary items = majority net income/ average majority stockholders' equity



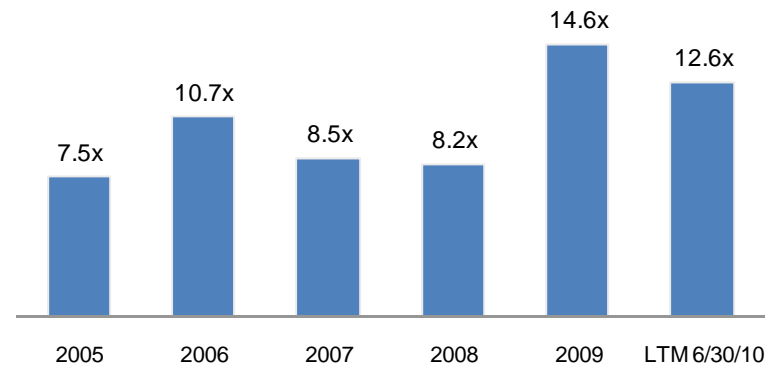
# Financial Performance

## Leverage ratios and balance sheet profile

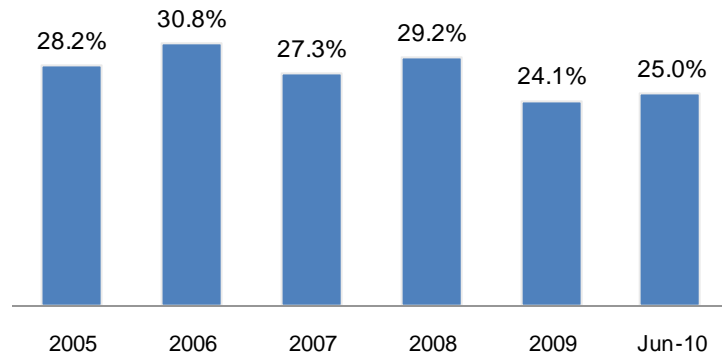
Consolidated Net Debt/EBITDA



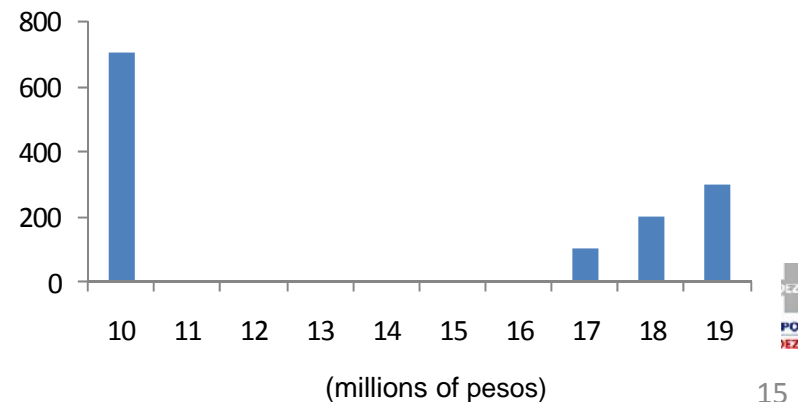
EBITDA/ Net Interest Expense



Consolidated Total Debt/Total Capitalization



Debt Maturities as of 6/10



Note: total capitalization = total debt plus consolidated stockholders' equity

# Investment Thesis

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- Highly recognized brand portfolio
- Leader in processed foods
- Sound growth record, strong future potential
- Returns above industry average
- Financial flexibility
- Solid corporate governance



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